



MGM RESORTS
INTERNATIONAL™

January 31, 2014

Adriana Fralick,
Executive Secretary
Nevada Gaming Commission
1919 College Parkway
Carson City, NV 89706

Sent via email: selloyan@gcb.nv.gov

Re: Regulation Petition number 2014-01RP

Dear Ms. Fralick:

We are writing to support the adoption of amendments to NGC Regulations 1 and 14, to allow for the use of prepaid cards for funding wagering activity in Nevada casinos.

The adoption of prepaid amendments by the Nevada Gaming Commission would send a clear signal to other jurisdictions that the Commission has carefully reviewed the use of prepaid cards for gaming and found such use to be consistent with the principles and standards in the largest gaming market in the United States.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Mikulich".

Thomas Mikulich
Senior Vice President Business Development
3600 Las Vegas Boulevard, South
Las Vegas, NV 89109
tmikulich@mgmresorts.com
Office: (702) 693-7655

TM : mar

Proposed Regulations

2014-01RP: PETITION - REGULATIONS 1 and 14

PURPOSE: In response to a petition to amend the Nevada Gaming Commission (“NGC”) Regulations to allow for the use of a prepaid access instrument in conjunction with an approved wagering account; add definition of “debit instrument” to NGC Regulations; add definition of “prepaid access instrument” to NGC Regulations; amend NGC Regulations to permit the approval of the use of a prepaid access instrument in conjunction with an approved wagering account; amend NGC Regulations to permit the approval of the use and installation of associated equipment used in conjunction with a prepaid access instrument used in conjunction with a prepaid wagering account; and to take such additional action as may be necessary and proper to effectuate this stated purpose.

Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is to be omitted; matter in *bolded italics* is new proposed by the State Gaming Control Board; matter between brackets ~~omitted draft material~~ is proposed to be omitted in the amendment by the State Gaming Control Board

(Draft dated February 12, 2014)

REGULATION 1

ISSUANCE OF REGULATIONS: CONSTRUCTION; DEFINITIONS

- 1.010 Promulgation, amendment, modification and repeal.
- 1.020 Construction.
- 1.030 Severability.
- 1.040 Definitions, words and terms; tense, number and gender.
- 1.050 “Act” defined.
- 1.055 “Automated teller machine” defined.
- 1.060 “Card game” defined.
- 1.062 “Cashable credits” defined.
- 1.065 “Casino” defined.
- 1.075 “Convenience store” defined.
- 1.080 “Counter game” defined.
- 1.085 “Counter games payout” defined.
- 1.090 “Counter games write” defined.
- 1.092 *“Debit instrument” defined.*
- 1.095 “Drop” defined.
- 1.100 “Drop box” defined.
- 1.101 “Drug store” defined.
- 1.103 “Electronic money transfer” defined.
- 1.105 “Enrollee” or “enrolled person” defined.
- 1.110 “Establishment” defined.
- 1.125 “Funds” defined.
- 1.130 “Grocery store” defined.
- 1.135 “Guaranteed draft” defined.
- 1.137 “Hosting center” defined.
- 1.139 “Independent accountant” defined.
- 1.140 “Jackpot payout” defined.
- 1.141 “Liquor store” defined.
- 1.143 “Payout receipt” defined.
- 1.145 “Premises” defined.
- 1.146 *“Prepaid access instrument” defined.*
- 1.147 “Progressive keno game” defined.

- 1.150 "Rake-off" defined.
- 1.155 "Registration" defined.
- 1.160 "Regulations" defined.
- 1.162 "Rim credit" defined.
- 1.170 "Slot machine operator's license" defined.
- 1.172 "System based game" and "system based gaming device" defined.
- 1.174 "System supported game" and "system supported gaming device" defined.
- 1.180 "Table game bankroll" defined.
- 1.190 "Wagering voucher" defined.

1.092 "Debit instrument" defined.

Debit instrument means a card, code or other device with which a person may initiate an electronic funds transfer or a wagering account transfer. The term includes, without limitation, a prepaid access instrument.

1.146 "Prepaid access instrument" defined.

Prepaid access instrument means a card, code, electronic serial number, mobile identification number, personal identification number or similar device that allows patron access to funds that have been paid in advance and can be retrieved or transferred at some point in the future through such a device. ~~A Prepaid Access Instrument must be distributed by a licensed gaming operator or its affiliates and only Prepaid Access Instruments distributed by the licensee or its affiliates may be used to fund a wagering account at that licensee's location or the location of its affiliates.~~ The A prepaid access instrument may only be used in conjunction with an approved cashless wagering system, race book or sports pool wagering account, or interactive gaming account.

REGULATION 14

MANUFACTURERS, DISTRIBUTORS, OPERATORS OF INTER-CASINO LINKED SYSTEMS, GAMING DEVICES, NEW GAMES, INTER- CASINO LINKED SYSTEMS, ON-LINE SLOT METERING SYSTEMS, CASHLESS WAGERING SYSTEMS, MOBILE GAMING SYSTEMS, INTERACTIVE GAMING SYSTEMS AND ASSOCIATED EQUIPMENT; INDEPENDENT TESTING LABORATORIES

14.260 Approval of associated equipment; applications and procedures.

1. Unless otherwise waived pursuant to subsection 2, a manufacturer or distributor of associated equipment shall not distribute associated equipment unless it has been approved by the chairman. Applications for approval of associated equipment shall be made and processed in such manner and using such forms as the chairman may prescribe. Each application must include, in addition to such other items or information as the chairman may require:

(a) The name, permanent address, social security number, and driver's license number of the manufacturer or distributor of associated equipment unless the manufacturer or distributor is currently licensed by the commission. If the manufacturer or distributor of associated equipment is a corporation, the names, permanent addresses, social security numbers, and driver's license numbers of the directors and Officer must be included. If the manufacturer or distributor of associated equipment is a partnership, the names, permanent addresses, social security numbers, and driver's license numbers of the partners and their partnership interest must be

included. If social security numbers or driver's license numbers are not available, the manufacturer's or distributor's birth date may be substituted;

(b) A complete, comprehensive and technically accurate description and explanation in both technical and lay language of the associated equipment or a modification to previously approved associated equipment and its intended usage, signed under penalty of perjury;

(c) Detailed operating procedures for the associated equipment;

(d) The standards under which such tests were performed, including Technical Standards 2 and 3 if applicable, and the results of such testing that confirms the associated equipment is functioning as represented, signed under penalty of perjury; and

(e) All materials relating to the results of the registered independent testing laboratory's inspection and certification process that are required under section 14.400.

2. Except as provided in subsection 3, upon written request from the manufacturer or distributor of associated equipment, or as the chairman otherwise deems reasonable, he may, in his sole and absolute discretion, waive the approval requirement for associated equipment upon such terms and conditions that he may approve or require or refer the associated equipment to the full board and commission for consideration of approval.

3. *Except as otherwise provided in subsection 4,* ~~(F)~~ the chairman shall not grant an approval pursuant to subsection 1 or waive such approval requirement pursuant to subsection 2 with respect to any associated equipment that, when installed, will allow a patron to use a debit instrument for purposes of making electronic funds transfers from an independent financial institution to a *game or* gaming device through a cashless wagering system until such time as the appropriate regulations for such transfers are adopted.

4. *The chairman may grant approvals pursuant to subsection 1 or waive such approval requirements pursuant to subsection 2 with respect to the use of a ~~(P)~~ prepaid ~~(A)~~ access instrument in conjunction with an approved ~~(wagering account)~~ cashless wagering system.*

14.290 Installation of associated equipment.

1. *Except as otherwise provided in subsection 2, or regulation 14.260(4), a ~~(A)~~ licensee shall not install or use associated equipment without prior written approval of the chairman or his designee, unless the chairman has waived the approval requirement pursuant to subsection 2 of Regulation 14.260. Applications for approval to install or use associated equipment shall be made and processed in such manner and using such forms as the chairman may prescribe. The chairman shall not approve any use or installation(s) of associated equipment that allow a patron to use a debit instrument for purposes of making electronic funds transfers from an independent financial institution to a *game or* gaming device through a cashless wagering system until such time as the appropriate regulations for such transfers are adopted.*

2. *The chairman may grant approvals for the use of or installation of equipment used in conjunction with ~~(P)~~ prepaid ~~(A)~~ access ~~(A)~~ instruments.*

Pre Paid Instrument Post Workshop Amendments to Technical Standard 7
02/04/2014

This amendment would create a new Technical Standard 7 to address prepaid instruments. The following language is all new language.

1. A Prepaid Access Instrument that can be used in conjunction with a casino wagering account to transfer funds to a game or gaming device offered for play within a licensed gaming establishment must contain the following components in addition to any other conditions or limitations imposed upon the instrument or related associated equipment:
 - (a) In any 24-hour period, after the initial load of funds to the Prepaid Access Instrument, there must be a delay of at least 15 minutes between the time a patron initiates any subsequent reload and the time the funds are available in the Prepaid Access Instrument for use by the patron;
 - (b) On any web page or mobile application that allows a patron to load funds to the Prepaid Access Instrument, a responsible gaming message approved by the Chairman must be displayed in a conspicuous place visible to the patron. The responsible gaming message must link directly to a separate web page that, at a minimum, provides information about problem gambling and resources for help, including the 24 hour National Problem Gamblers Help Line;
 - (c) No automatic scheduled loading or reloading of the Prepaid Access Instrument may be permitted. In addition, automatic payroll direct deposit to the Prepaid Access Instrument may not be permitted.
 - (d) If the system supporting the Prepaid Access can accommodate it, holders of the Prepaid Access Instrument must be able to set daily limits on the amount of funds that can be transferred from the Prepaid Access Instrument to a wagering account. Any changes to such limits shall not take effect until two days after the change is initiated.
 - (e) The system (by itself or in conjunction with the wagering account system) must be able to accommodate requests by licensees to limit the velocity of transactions in a given time period and be able to impose time delays on the movement of funds from a wagering account to the prepaid account. Such limits may be requested at the direction of the licensee using the system.



February 3, 2014

Chairman Peter C. Bernhard
Nevada Gaming Commission
1919 College Parkway
Carson City, NV 89706

Re: Comment to 2014-01RP: Petition – Regulations 1 and 14 (Prepaid Access Instrument)

Dear Chairman Bernhard:

Interactive Communications International, Inc., through its subsidiary ITC Financial Licenses, Inc. (collectively, “InComm”), hereby submits this Comment concerning 2014-01RP, a Petition affecting Regulations 1 and 14 of the Nevada Gaming Commission Regulations (hereinafter “the Regulations”). The Petition seeks to add definitions of “Debit Instrument” and “Prepaid access instrument” to the Regulations, as well as to amend the current Regulations to permit the use of prepaid access instruments in conjunction with approved wagering accounts.

InComm strongly supports the intent of the changes proposed in the Petition, but believes that certain changes are necessary to clarify the proposed regulations’ reach, and to further the State’s interest in promoting a healthy, well-regulated gaming environment.

I. The Use of Prepaid Access Instruments For Gaming

InComm strongly supports the intent of the Petition. The Petition aptly illustrates the range of benefits to Nevada casinos and their patrons, including cost savings and public safety, that the use of prepaid cards can offer. Nonetheless, as proposed, the language offered in the Petition does raise certain concerns regarding unintended consequences, both in terms of additional costs to consumers and barriers to effective competition.

A. No Impact on Interactive Gaming Or Race Book Or Sports Pool Wagering.

First, InComm believes that the proposed regulation 1.146 should be modified to clarify that it pertains only to casino-based wagering governed by Regulation 5 (Operation of Gaming Establishments) and not interactive gaming or race book or sports pool wagering. Interactive gaming is currently governed by Regulation 5A, which permits authorized players to fund their interactive gaming accounts via debit and credit card.¹ Credit and debit cards are also permitted in race book and sports pool wagering, which are governed by Regulation 22.² Although these regulations refer to “debit cards,” which is an undefined term in the Regulations, debit cards do fall

¹ Nev. Gaming Reg. 5A.120(4)(d).

² Nev. Gaming Reg. 22.160(1)(e).

within the statutory definition of debit instruments.³ More significantly, absent clarification, “debit cards” would fall within the proposed new defined term, “Prepaid Access Instrument.”

Because prepaid access instruments (in the form of debit cards) are already permitted in interactive gaming and race book and sports pool wagering, InComm believes there is no need to superimpose the somewhat different proposed rule on those activities. To date, there is no evidence of any problem or concern that warrants restriction on the use of debit instruments in interactive gaming or race book and sports pool wagering. Indeed, the well-documented difficulties encountered by casinos in identifying reliable payment channels for interactive gaming strongly counsels against any changes that would narrow the range of acceptable payments in that medium.

InComm does not understand there to be any intent in the Petition to affect interactive gaming or race book and sports pool wagering, but, as worded, the proposed regulation is unclear in that regard. For that reason, InComm offers suggested clarifying language in Section II of this submission.

B. The Range of Permissible “Prepaid Access Instruments” Is Unduly Restrictive.

Second, InComm believes that the provision requiring that Prepaid Access Instruments be “distributed by” casino licensees or their affiliates is unnecessarily restrictive, potentially anticompetitive and does not serve the public interest. Such a restriction will reduce competition by ensuring that only those few prepaid card program managers with distribution arrangements with casinos will be able to offer Prepaid Access Instruments for use in those casinos. Moreover, in each casino there may be only one such instrument that is eligible for use. (Because the definition of Prepaid Access Instrument is quite broad, effectively that means no other debit card or other instrument would be permitted.) Inevitably, that lack of competition will drive up transaction costs for casino patrons – one of the very ills the proposed change is designed to address.

Moreover, the limitation is unnecessary to ensure that Prepaid Access Instruments will be a safe and secure method of funding for authorized players. Issuers of Prepaid Access Instruments are subject to rigorous financial regulatory controls and money transmission regulations. In addition, authorization for the use of a Prepaid Access Instrument can be conditioned on review of the instrument to ensure that it satisfies the applicable regulatory requirements and such other technical standards as the Chairman may determine. InComm has proposed changes to the proposed regulation to that end.

For the same reasons, a requirement that the Prepaid Access Instrument be linked to an “approved wagering account” – a term not defined in the Regulations – is unnecessary. Instead, the Commission can simply impose a monetary limit on the size of the instrument that may be used. InComm has proposed a change to make that clear.

By adopting these changes, the Commission will be promoting competition among distributors of Prepaid Access Instruments and simultaneously ensuring that those instruments remain subject to whatever validation process the Commission and Board deem necessary. Such validation criteria may

³ Nev. Rev. Stat. § 463.01469 defines a debit instrument as “a card, code, or other device with which a person may initiate an electronic transfer of money to a game or gaming device.”

include the currently proposed prohibition on funding Prepaid Access Instruments by payroll direct deposit, for example.

InComm provides its suggested changes to the Proposed Regulation immediately below. Language proposed in the Petition is in italics. Language that InComm proposes to be removed is in strikeout, and InComm's proposed new language is underlined.

InComm appreciates the willingness of the Commission to consider this submission and proposed modifications to the regulatory changes advanced in the Petition. InComm welcomes the opportunity for further discussion and would be happy to provide additional information on any of the points raised in this Comment.

II. Proposed Changes

A. Regulation 1

1.146 "Prepaid access instrument" defined.

Prepaid Access Instrument means a card, code, electronic serial number, mobile identification number, personal identification number or similar device that allows patron access to funds that have been paid in advance and can be retrieved or transferred at some point in the future through such a device. ~~A Prepaid Access Instrument must be distributed by a licensed gaming operator or its affiliates and only Prepaid Access Instruments distributed by the licensee or its affiliates may be used to fund a wagering account at that licensee's location or the location of its affiliates. The Prepaid Access Instrument may only be used in conjunction with an approved wagering account and may not be funded by payroll direct deposit and may be subject to whatever monetary limit that the Chairman determines to be appropriate. This regulation does not apply to interactive gaming, which is treated separately in Regulation 5A, or to race book or sports pool wagering, which is treated separately in Regulation 22. The use of credit cards and debit instruments for interactive gaming and for race book or sports pool wagering separately is authorized in and subject to those regulations.~~

Suggested Change: Eliminates the requirements that Prepaid Access Instruments be linked only to an "approved wagering account" and that they be distributed only by licensed gaming operators or their affiliates. Adds language expressly permitting the imposition of monetary limits that would cap the amounts authorized on the Prepaid Access Instruments. The prohibition on linking the instrument to payroll accounts would remain. The proposed change also adds language clarifying that the new definition of and requirements relating to Prepaid Access Instruments do not apply to interactive gaming, or race book or sports pool wagering.

InComm does not propose any modification to the proposed new Regulation 1.092 as set out in the Petition.

B. Regulation 14

14.260 Approval of associated equipment; applications and procedures.

1. Unless otherwise waived pursuant to subsection 2, a manufacturer or distributor of associated equipment shall not distribute associated equipment unless it has been approved by the chairman. Applications for approval of associated equipment shall be made and processed in such manner and

using such forms as the chairman may prescribe. Each application must include, in addition to such other items or information as the chairman may require:

- (a) The name, permanent address, social security number, and driver's license number of the manufacturer or distributor of associated equipment unless the manufacturer or distributor is currently licensed by the commission. If the manufacturer or distributor of associated equipment is a corporation, the names, permanent addresses, social security numbers, and driver's license numbers of the directors and Officer must be included. If the manufacturer or distributor of associated equipment is a partnership, the names, permanent addresses, social security numbers, and driver's license numbers of the partners and their partnership interest must be included. If social security numbers or driver's license numbers are not available, the manufacturer's or distributor's birth date may be substituted;
- (b) A complete, comprehensive and technically accurate description and explanation in both technical and lay language of the associated equipment or a modification to previously approved associated equipment and its intended usage, signed under penalty of perjury;
- (c) Detailed operating procedures for the associated equipment;
- (d) The standards under which such tests were performed, including Technical Standards 2 and 3 if applicable, and the results of such testing that confirms the associated equipment is functioning as represented, signed under penalty of perjury; and
- (e) All materials relating to the results of the registered independent testing laboratory's inspection and certification process that are required under section 14.400.

2. Except as provided in subsection 3, upon written request from the manufacturer or distributor of associated equipment, or as the chairman otherwise deems reasonable, he may, in his sole and absolute discretion, waive the approval requirement for associated equipment upon such terms and conditions that he may approve or require or refer the associated equipment to the full board and commission for consideration of approval.

3. *Except as otherwise provided in subsection 4, ~~t~~he chairman shall not grant an approval pursuant to subsection 1 or waive such approval requirement pursuant to subsection 2 with respect to any associated equipment that, when installed, will allow a patron to use a debit instrument for purposes of making electronic funds transfers from an independent financial institution to a gaming device through a cashless wagering system until such time as the appropriate regulations for such transfers are adopted.*

4. *The chairman may grant approvals pursuant to subsection 1 or waive such approval requirements pursuant to subsection 2 with respect to the use of a prepaid access instrument in conjunction with an approved wagering account. The chairman shall only grant such approval or waive approval where the prepaid access instrument meets the requirements of regulation 1.146 and such other technical standards as the chairman may determine.*

Suggested Change: Adds language clarifying that the prepaid access instrument must satisfy the regulatory prerequisites and any related technical standards before it can be approved for use or before a waiver of the need for such approval can be granted.

InComm does not propose any modification to the proposed amendments to Regulation 14.290 as set out in the Petition.

III. About InComm

InComm is an acknowledged industry leader in prepaid card and transaction technologies, products and services, including gift, wireless, games, long distance, music and reloadable debit cards. InComm distributes a wide variety of prepaid cards and products to retail merchants, including general-purpose reloadable open-loop payment cards and non-reloadable open-loop payment cards, as well as closed-loop gift and store cards. In addition to offering its own suite of prepaid gift and debit cards to consumers and distributing the products of its partners, InComm operates the Vanilla Reload Network, which allows customers to add value to a wide variety of prepaid cards, online accounts and mobile wallets at retail locations nationwide. In connection with its network distribution activities, InComm works with approximately 400 card providers and supports more than 400,000 points of distribution. InComm's products and services and its vast distribution network position InComm to be a key partner in the delivery of integral services to the gaming industry and its consumers. The remarks in this submission represent only InComm's perspectives on the Petition and not those of any other party in InComm's distribution network.

Respectfully submitted,



Nicole Ibbotson

General Counsel, ITC Financial Licenses, Inc.

cc: Behnam Dayanim, Esq., Paul Hastings LLP

Proposed Regulations

2014-01RP: PETITION - REGULATIONS 1 and 14

PURPOSE: In response to a petition to amend the Nevada Gaming Commission (“NGC”) Regulations to allow for the use of a prepaid access instrument in conjunction with an approved wagering account; add definition of “debit instrument” to NGC Regulations; add definition of “prepaid access instrument” to NGC Regulations; amend NGC Regulations to permit the approval of the use of a prepaid access instrument in conjunction with an approved wagering account; amend NGC Regulations to permit the approval of the use and installation of associated equipment used in conjunction with a prepaid access instrument used in conjunction with a prepaid wagering account; and to take such additional action as may be necessary and proper to effectuate this stated purpose.

Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is to be omitted

(Draft dated February 4, 2014 from Sightline)

REGULATION 1

ISSUANCE OF REGULATIONS: CONSTRUCTION; DEFINITIONS

- 1.010 Promulgation, amendment, modification and repeal.
- 1.020 Construction.
- 1.030 Severability.
- 1.040 Definitions, words and terms; tense, number and gender.
- 1.050 “Act” defined.
- 1.055 “Automated teller machine” defined.
- 1.060 “Card game” defined.
- 1.062 “Cashable credits” defined.
- 1.065 “Casino” defined.
- 1.075 “Convenience store” defined.
- 1.080 “Counter game” defined.
- 1.085 “Counter games payout” defined.
- 1.090 “Counter games write” defined.
- 1.092 *“Debit instrument” defined.*
- 1.095 “Drop” defined.
- 1.100 “Drop box” defined.
- 1.101 “Drug store” defined.
- 1.103 “Electronic money transfer” defined.
- 1.105 “Enrollee” or “enrolled person” defined.
- 1.110 “Establishment” defined.
- 1.125 “Funds” defined.
- 1.130 “Grocery store” defined.
- 1.135 “Guaranteed draft” defined.
- 1.137 “Hosting center” defined.
- 1.139 “Independent accountant” defined.
- 1.140 “Jackpot payout” defined.
- 1.141 “Liquor store” defined.
- 1.143 “Payout receipt” defined.
- 1.145 “Premises” defined.
- 1.146 *“Prepaid access instrument” defined.*
- 1.147 “Progressive keno game” defined.
- 1.150 “Rake-off” defined.
- 1.155 “Registration” defined.
- 1.160 “Regulations” defined.

- 1.162 "Rim credit" defined.
1.170 "Slot machine operator's license" defined.
1.172 "System based game" and "system based gaming device" defined.
1.174 "System supported game" and "system supported gaming device" defined.
1.180 "Table game bankroll" defined.
1.190 "Wagering voucher" defined.

1.092 "Debit instrument" defined.

Debit Instrument means a card, code or other device with which a person may initiate an electronic funds transfer or a wagering account transfer. The term includes, without limitation, a Prepaid Access Instrument.

1.146 "Prepaid access instrument" defined.

Prepaid Access Instrument means a card, code, electronic serial number, mobile identification number, personal identification number or similar device that allows patron access to funds that have been paid in advance and can be retrieved or transferred at some point in the future through such a device. A Prepaid Access Instrument must be distributed by a licensed gaming operator or its affiliates and only Prepaid Access Instruments distributed by the licensee or its affiliates may be used to fund a wagering account at that licensee's location or the location of its affiliates. The Prepaid Access Instrument may only be used in conjunction with an approved wagering account.

REGULATION 14

**MANUFACTURERS, DISTRIBUTORS, OPERATORS OF
INTER-CASINO LINKED SYSTEMS, GAMING DEVICES, NEW GAMES, INTER-
CASINO LINKED SYSTEMS, ON-LINE SLOT METERING SYSTEMS, CASHLESS
WAGERING SYSTEMS, MOBILE GAMING SYSTEMS, INTERACTIVE GAMING
SYSTEMS AND ASSOCIATED EQUIPMENT; INDEPENDENT TESTING
LABORATORIES**

14.260 Approval of associated equipment; applications and procedures.

1. Unless otherwise waived pursuant to subsection 2, a manufacturer or distributor of associated equipment shall not distribute associated equipment unless it has been approved by the chairman. Applications for approval of associated equipment shall be made and processed in such manner and using such forms as the chairman may prescribe. Each application must include, in addition to such other items or information as the chairman may require:

(a) The name, permanent address, social security number, and driver's license number of the manufacturer or distributor of associated equipment unless the manufacturer or distributor is currently licensed by the commission. If the manufacturer or distributor of associated equipment is a corporation, the names, permanent addresses, social security numbers, and driver's license numbers of the directors and Officer must be included. If the manufacturer or distributor of associated equipment is a partnership, the names, permanent addresses, social security numbers, and driver's license numbers of the partners and their partnership interest must be included. If social security numbers or driver's license numbers are not available, the manufacturer's or distributor's birth date may be substituted;

(b) A complete, comprehensive and technically accurate description and explanation in both technical and lay language of the associated equipment or a modification to previously approved associated equipment and its intended usage, signed under penalty of perjury;

(c) Detailed operating procedures for the associated equipment;

(d) The standards under which such tests were performed, including Technical Standards 2 and 3 if applicable, and the results of such testing that confirms the associated equipment is functioning as represented, signed under penalty of perjury; and

(e) All materials relating to the results of the registered independent testing laboratory's inspection and certification process that are required under section 14.400.

2. Except as provided in subsection 3, upon written request from the manufacturer or distributor of associated equipment, or as the chairman otherwise deems reasonable, he may, in his sole and absolute discretion, waive the approval requirement for associated equipment upon such terms and conditions that he may approve or require or refer the associated equipment to the full board and commission for consideration of approval.

3. *Except as otherwise provided in subsection 4,* ~~the~~ chairman shall not grant an approval pursuant to subsection 1 or waive such approval requirement pursuant to subsection 2 with respect to any associated equipment that, when installed, will allow a patron to use a debit instrument for purposes of making electronic funds transfers from an independent financial institution to a *game or* gaming device through a cashless wagering system until such time as the appropriate regulations for such transfers are adopted.

4. The chairman may grant approvals pursuant to subsection 1 or waive such approval requirements pursuant to subsection 2 with respect to the use of a Prepaid Access instrument in conjunction with an approved wagering account.

14.290 Installation of associated equipment.

1. *Except as otherwise provided in subsection 2, or regulation 14.260(4),* a ~~[A]~~ licensee shall not install or use associated equipment without prior written approval of the chairman or his designee, unless the chairman has waived the approval requirement pursuant to subsection 2 of Regulation 14.260. Applications for approval to install or use associated equipment shall be made and processed in such manner and using such forms as the chairman may prescribe. The chairman shall not approve any use or installation(s) of associated equipment that allow a patron to use a debit instrument for purposes of making electronic funds transfers from an independent financial institution to a *game or* gaming device through a cashless wagering system until such time as the appropriate regulations for such transfers are adopted.

2. The chairman may grant approvals for the use of or installation of equipment used in conjunction with Prepaid Access Instruments.

Proposed Regulations

2014-01RP: PETITION - REGULATIONS 1 and 14

PURPOSE: In response to a petition to amend the Nevada Gaming Commission (“NGC”) Regulations to allow for the use of a prepaid access instrument in conjunction with an approved wagering account; add definition of “debit instrument” to NGC Regulations; add definition of “prepaid access instrument” to NGC Regulations; amend NGC Regulations to permit the approval of the use of a prepaid access instrument in conjunction with an approved wagering account; amend NGC Regulations to permit the approval of the use and installation of associated equipment used in conjunction with a prepaid access instrument used in conjunction with a prepaid wagering account; and to take such additional action as may be necessary and proper to effectuate this stated purpose.

Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is to be omitted

(Draft dated January 15, 2014)

REGULATION 1

ISSUANCE OF REGULATIONS: CONSTRUCTION; DEFINITIONS

- 1.010 Promulgation, amendment, modification and repeal.
- 1.020 Construction.
- 1.030 Severability.
- 1.040 Definitions, words and terms; tense, number and gender.
- 1.050 “Act” defined.
- 1.055 “Automated teller machine” defined.
- 1.060 “Card game” defined.
- 1.062 “Cashable credits” defined.
- 1.065 “Casino” defined.
- 1.075 “Convenience store” defined.
- 1.080 “Counter game” defined.
- 1.085 “Counter games payout” defined.
- 1.090 “Counter games write” defined.
- 1.092 *“Debit instrument” defined.*
- 1.095 “Drop” defined.
- 1.100 “Drop box” defined.
- 1.101 “Drug store” defined.
- 1.103 “Electronic money transfer” defined.
- 1.105 “Enrollee” or “enrolled person” defined.
- 1.110 “Establishment” defined.
- 1.125 “Funds” defined.
- 1.130 “Grocery store” defined.
- 1.135 “Guaranteed draft” defined.
- 1.137 “Hosting center” defined.
- 1.139 “Independent accountant” defined.
- 1.140 “Jackpot payout” defined.
- 1.141 “Liquor store” defined.
- 1.143 “Payout receipt” defined.
- 1.145 “Premises” defined.
- 1.146 *“Prepaid access instrument” defined.*
- 1.147 “Progressive keno game” defined.
- 1.150 “Rake-off” defined.
- 1.155 “Registration” defined.
- 1.160 “Regulations” defined.

- 1.162 "Rim credit" defined.
1.170 "Slot machine operator's license" defined.
1.172 "System based game" and "system based gaming device" defined.
1.174 "System supported game" and "system supported gaming device" defined.
1.180 "Table game bankroll" defined.
1.190 "Wagering voucher" defined.

1.092 "Debit instrument" defined.

Debit Instrument means a card, code or other device with which a person may initiate an electronic funds transfer or a wagering account transfer. The term includes, without limitation, a Prepaid Access Instrument.

1.146 "Prepaid access instrument" defined.

Prepaid Access Instrument means a card, code, electronic serial number, mobile identification number, personal identification number or similar device that allows patron access to funds that have been paid in advance and can be retrieved or transferred at some point in the future through such a device. A Prepaid Access Instrument must be distributed by a licensed gaming operator or its affiliates and only Prepaid Access Instruments distributed by the licensee or its affiliates may be used to fund a wagering account at that licensee's location or the location of its affiliates. The Prepaid Access Instrument may only be used in conjunction with an approved wagering account and may not be funded by payroll direct deposit.

REGULATION 14

**MANUFACTURERS, DISTRIBUTORS, OPERATORS OF
INTER-CASINO LINKED SYSTEMS, GAMING DEVICES, NEW GAMES, INTER-
CASINO LINKED SYSTEMS, ON-LINE SLOT METERING SYSTEMS, CASHLESS
WAGERING SYSTEMS, MOBILE GAMING SYSTEMS, INTERACTIVE GAMING
SYSTEMS AND ASSOCIATED EQUIPMENT; INDEPENDENT TESTING
LABORATORIES**

14.260 Approval of associated equipment; applications and procedures.

1. Unless otherwise waived pursuant to subsection 2, a manufacturer or distributor of associated equipment shall not distribute associated equipment unless it has been approved by the chairman. Applications for approval of associated equipment shall be made and processed in such manner and using such forms as the chairman may prescribe. Each application must include, in addition to such other items or information as the chairman may require:

(a) The name, permanent address, social security number, and driver's license number of the manufacturer or distributor of associated equipment unless the manufacturer or distributor is currently licensed by the commission. If the manufacturer or distributor of associated equipment is a corporation, the names, permanent addresses, social security numbers, and driver's license numbers of the directors and Officer must be included. If the manufacturer or distributor of associated equipment is a partnership, the names, permanent addresses, social security numbers, and driver's license numbers of the partners and their partnership interest must be included. If social security numbers or driver's license numbers are not available, the manufacturer's or distributor's birth date may be substituted;

(b) A complete, comprehensive and technically accurate description and explanation in both technical and lay language of the associated equipment or a modification to previously approved associated equipment and its intended usage, signed under penalty of perjury;

(c) Detailed operating procedures for the associated equipment;

(d) The standards under which such tests were performed, including Technical Standards 2 and 3 if applicable, and the results of such testing that confirms the associated equipment is functioning as represented, signed under penalty of perjury; and

(e) All materials relating to the results of the registered independent testing laboratory's inspection and certification process that are required under section 14.400.

2. Except as provided in subsection 3, upon written request from the manufacturer or distributor of associated equipment, or as the chairman otherwise deems reasonable, he may, in his sole and absolute discretion, waive the approval requirement for associated equipment upon such terms and conditions that he may approve or require or refer the associated equipment to the full board and commission for consideration of approval.

3. *Except as otherwise provided in subsection 4,* ~~the~~ chairman shall not grant an approval pursuant to subsection 1 or waive such approval requirement pursuant to subsection 2 with respect to any associated equipment that, when installed, will allow a patron to use a debit instrument for purposes of making electronic funds transfers from an independent financial institution to a gaming device through a cashless wagering system until such time as the appropriate regulations for such transfers are adopted.

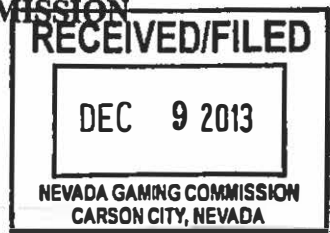
4. The chairman may grant approvals pursuant to subsection 1 or waive such approval requirements pursuant to subsection 2 with respect to the use of a prepaid access instrument in conjunction with an approved wagering account.

14.290 Installation of associated equipment.

1. *Except as otherwise provided in subsection 2, or regulation 14.260(4),* a ~~[A]~~ licensee shall not install or use associated equipment without prior written approval of the chairman or his designee, unless the chairman has waived the approval requirement pursuant to subsection 2 of Regulation 14.260. Applications for approval to install or use associated equipment shall be made and processed in such manner and using such forms as the chairman may prescribe. The chairman shall not approve any use or installation(s) of associated equipment that allow a patron to use a debit instrument for purposes of making electronic funds transfers from an independent financial institution to a gaming device through a cashless wagering system until such time as the appropriate regulations for such transfers are adopted.

2. The chairman may grant approvals for the use of or installation of equipment used in conjunction with prepaid access instruments in conjunction with approved wagering accounts.

1 **BEFORE THE NEVADA GAMING COMMISSION**



2 *****

3 IN THE MATTER OF THE ADOPTION
4 OF AMENDMENTS TO NEVADA
5 GAMING COMMISSION REGULATIONS
6 NGC 1, NGC 14.260 and NGC 14.290, and Gaming Control Board Technical Standard 1.010
GOVERNING PREPAID ACCESS
INSTRUMENTS AND WAGERING ACCOUNTS

7 **PETITION FOR ADOPTION OF AND AMENDMENT TO REGULATIONS**

8 **I.**

9 **Introduction**

10 Sightline Interactive, LLC, and Sightline Payments, LLC, ("Sightline") bring this
11 Petition requesting the adoption of amendments to the Nevada Gaming Commission ("NGC")
12 Regulations as follows: (1) amendment of NGC Regulation 1 to add a definition of "Debit
13 Instrument" and "Prepaid Access Instrument;" (2) amendment of NGC § 14.260 and NGC §
14 14.290 to authorize the use of prepaid access instruments; and (3) to reflect a concurrent request
15 that the Nevada Gaming Control Board ("GCB" or "Board") Chairman amend the Technical
16 Standards adopted pursuant to NGC Regulation 14.050.

17 Any interested person may file a petition requesting adoption, amendment, or repeal of a
18 regulation pursuant to Nevada Revised Statute (NRS) 463.145(d). Sightline is a licensee and
19 therefore an interested person pursuant to NGC § 2A.010 (5) with standing to bring this Petition.

20 In accordance with the requirements of NRS 463.145(d), this Petition includes the
21 following: the reasons for the request and current status of Nevada's Laws and Regulations, the
22 substance or nature of the regulation, amendment or repeal requested, and reference to the
23 authority of the Commission to take the action requested.

24 ///

1 II.

2 **The Reasons for the Request**

3 Electronic transactions are replacing cash as a means of payment in the general economy.
4 One study predicts that, as a percentage of retail spending, cash will decline from 12.6% in 2010
5 to 9.8% in 2015¹. The reasons for the preferred use of electronic payments are increased
6 convenience and increased security – for both payer and payee alike. The casino gaming
7 industry in Nevada is a unique exception to this trend. The vast majority of casino gaming
8 transactions are conducted in cash, the only exceptions being credit play and front-money. One
9 consequence of the electronic payments trend is that consumers carry only small amounts of cash
10 with them. As a result, when they enter a casino for gaming play, patrons often have to get cash
11 in the casino (via an ATM, check cashing or cash advance transaction). One source states that
12 more than 60% of all wagering funds come from cash sourced within the casino itself.²

13 The reliance on cash as the dominant method of exchange in Nevada casinos has adverse
14 consequences for casino companies and casino patrons. For casino companies, the major
15 adverse consequence is the costs related to borrowing the money and handling the money.
16 Sightline estimates that one Nevada gaming company incurred approximately \$35 million in
17 expenses related to the borrowing and handling of its cash. For casino patrons, there are costs as
18 well. Sightline calculates that the average cash access transaction in a casino costs the patron
19 \$10.60 in fees. Finally, cash presents safety risks. At a focus group commissioned by Sightline
20 in early 2012, several gaming patrons admitted to having been robbed of jackpots leaving a
21 casino. In September 2010, a man was robbed of his winnings and killed outside a southern
22

23 _____
24 ¹ <http://www.atmmarketplace.com/article/178763/Study-U-S-consumer-use-of-cash-expected-to-decline-by-nearly-200-billion-by-2015>

² Global Cash Access Holdings, Inc., “Investor Presentation,” March 2012.

1 California casino by a person who followed him from the casino.¹

2 Credit and debit cards are the primary tools used in electronic payments. Unfortunately,
3 Nevada casinos and casino patrons cannot avail themselves of the advantages of using credit and
4 debit cards because Nevada law explicitly prohibits the use of credit cards at gaming devices and
5 debit cards have not yet been approved by Nevada's gaming regulators. The reason that these
6 instruments are not allowed is to advance responsible gaming: it is public policy to prevent
7 gaming patrons from exhausting their savings or incurring significant credit card debt in a
8 moment of weakness. However, notwithstanding this concern, it is still possible for patrons to
9 cause themselves financial harm in a casino, but they have to leave the gaming device to do so.
10 The principle that has been adopted is that the patron must have some time and/or a break in play
11 to consider whether getting more funds for gaming is a responsible action.

12 At the time that these laws and regulations were put in place, prepaid cards did not exist
13 as a payments instrument. Prepaid cards are one of the fastest-growing electronic payment
14 methods in the U.S. Payments using prepaid cards are forecasted to grow from \$152 billion in
15 2010 to \$421 billion in 2017.² However, growth and popularity do not by themselves make
16 prepaid cards suitable for gaming use. What makes them suitable for gaming use is that – unlike
17 credit cards and many debit cards – they do not have credit or overdraft features. Once a prepaid
18 card balance has been exhausted it must be reloaded, and reloading takes time and effort. In this
19 way, prepaid cards provide the same “time and diversion” standard that is consistent with
20 responsible gaming.

21 Prepaid cards come in many forms such as gift cards, payroll cards, EBT cards, etc. The
22 type of card that Sightline proposes to use for gaming is a so-called General Purpose Reloadable

23
24 ¹ http://www.cbsnews.com/2100-201_162-6833477.html

² Boston Consulting Group, “Global Prepaid Opportunity,” January 2012, p. 3.

1 Card (“GPR”). The card can be used at more than one defined location or retail chain (the
2 “General Purpose” aspect) and, unlike gift cards, funds can be added again and again (the
3 “Reloadable” aspect). GPR cards are issued by a state- or federally-chartered bank. The money
4 that is loaded onto a prepaid card is a deposit in that bank. The deposit is insured up to FDIC
5 limits, and the card benefits from Federal Reserve Regulation “E” protection against lost or
6 stolen cards. Because the card is issued by a bank, all the information that is required by banks
7 in order to open an account must be received in order to get the card (name, physical address,
8 date of birth and Social Security number). The information is verified against databases to
9 assure compliance with federal CIP and OFAC rules. A GPR card is registered to a unique user.

10 Sightline’s card program is called Loyalty Card Plus[®] (“LCP”). It is designed to be an
11 extension of the loyalty cards that have become so familiar to casino companies and their
12 patrons. In most cases, the card will feature the casino’s brand and other proprietary content that
13 associates the card with the casino. The card will be issued to casino patrons by direct mail to
14 the casino’s player database contacts or by registering it in the casino or online.

15 Sightline’s LCP program is a “dual-network” program. For all gaming transactions,
16 requests for funding are routed on Sightline’s proprietary SPAN[®] network. The only criteria that
17 matter in deciding whether to authorize a request for funds on the SPAN[®] network are 1) the
18 request must come from a known server or device, 2) valid identifying information must be
19 received (such as PIN or last four numbers of the SSN), and 3) sufficient balances must be on
20 deposit to cover the request. No Merchant Category Codes (“MCC”) are considered in
21 determining an authorization. All non-gaming transactions (retail, F&B, entertainment, etc.) –
22 whether inside the casino or outside it – run on the Discover[®] network. LCP can be used at more
23 than four million merchants in North America alone.

24 The use of the SPAN network for gaming transactions offers a significant potential

1 benefit to legal online gaming operators. In order to process transactions correctly, transactions
2 for funding online wagering accounts must be routed using a certain MCC that results in a
3 substantial volume of transaction declines. Since all gaming transactions using LCP run on the
4 SPAN network and MCC codes are not required, the use of LCP should result in significantly
5 higher funding approvals.

6 In summary, the proposed use of prepaid cards at wagering devices affords significant
7 benefits to gaming patrons, gaming operators and gaming regulators. For gaming operators, the
8 benefits are decreased expenses associated with borrowing and handling cash, as well as
9 expanded ability to reward and incentivize patrons. For gaming patrons, a prepaid card is a more
10 convenient and much safer way to hold funds for gaming purposes, and it allows them to conduct
11 their gaming purchases in the same way as they conduct the majority of their non-gaming
12 purchases. For gaming regulators, the use of the card creates a computerized record that should
13 assist in a variety of regulatory activities including auditing transactions and resolving patron
14 disputes. Finally, the increased use of recorded electronic transactions could enhance AML
15 programs.

16 Since prepaid cards are a relatively new method of holding cash for consumer uses, the
17 Nevada Regulations do not adequately address their use and amendments and additions are
18 necessary. Currently, NRS 463.3557 prohibits the use of credit cards to transfer money directly
19 to a game or gaming device. However, debit cards are permitted to be used, provided they are
20 approved by the Board. See NRS 463.3558. The Board and Commission have approved the use
21 of debit instruments in conjunction with interactive wagering and race and sports pool wagering.
22 See NGC Regulations 5A.120(4)(d) and 22.160(1)(e). Sightline and others have been approved
23 to perform certain functions associated with account wagering pursuant to the above cited
24 regulations in the conduct of interactive and race and sports pool account wagering. The

1 amendments would allow the use of prepaid cards in conjunction with account wagering for slot
2 machines and table games on the casino floor in addition to what is currently authorized. In
3 respect of account wagering, it is currently not permitted to transfer balances from one wagering
4 account to another. The prepaid card can act as a “bridge” across all wagering accounts – casino,
5 race & sports and online – providing significantly enhanced convenience for the patron while
6 preserving the integrity of the Nevada Regulations.

7 Arguably, a prepaid card is not a debit instrument or a credit instrument. For purposes
8 of federal law, it is separately defined. *See* 31 C.F.R. 1010.100xx). However, Petitioner
9 proposes to define prepaid debit cards as a type of debit instrument so that, in addition to being
10 covered by the Nevada Regulations, their use will be covered by Nevada’s criminal statutes.
11 Specifically, Petitioner proposes that a “Prepaid Access Instrument” be defined as a type of
12 “Debit Instrument” in order that NRS Chapter 465, “Crimes and Liabilities Concerning
13 Gaming,” will apply to Prepaid Access Instruments. NRS 465.080 addresses crimes related to
14 counterfeiting debit instruments or possessing paraphernalia for manufacturing counterfeit debit
15 instruments. *See* NRS 465.080 (1) & (6). In addition, NRS 465.088 provides for increased
16 penalties for violations of NRS 465.070 to 465.085, inclusive. Coverage by the criminal statutes
17 will provide additional assurance that the integrity of a Prepaid Access Instrument will be
18 maintained.

19 One of the reasons traditional debit cards have not been authorized in the past comes
20 from concerns that they may worsen problem gambling. Sightline submits that the use of a
21 prepaid card will not increase the prevalence of problem gambling. Certain proposals that were
22 pursued in the past did not take the implications of problem gambling into consideration and
23 were rejected by the Nevada regulators. Those proposals would have allowed a player to directly
24 insert a debit card into a slot machine and transfer money directly to the machine. Underlying

KASSIPER CHOWELL
510 West Fourth Street
Carson City, Nevada 89703

1 the concerns about this product was the presumption that the debit card was attached to the
2 patron's "main" bank account, with the risk that a patron could gamble away vital everyday
3 funds in a moment of weakness. The type of prepaid card that Sightline proposes for use in
4 gaming is different. It is intended to be separate from a patron's "main" bank account. Patrons
5 must pre-fund the prepaid card, and would likely do so with a certain gaming "budget" in mind.
6 When and if the prepaid card balance is exhausted in gaming use, there can be no further funding
7 of gaming activity until the card is reloaded. Reloading takes time and diversion, the essential
8 elements of the responsible gaming protections around getting additional funds in a gaming
9 environment. It is also important to note that the prepaid card will not be inserted into the
10 gaming device. Sightline's systems will link the player tracking card number with the prepaid
11 account on the back end. This achieves two objectives: player behavior does not need to change
12 and gaming devices do not need to be made PCI-compliant. In summary, it is Sightline's
13 position that its prepaid card does not pose additional risk to those at risk for problem gambling
14 while at the same time providing significantly enhanced convenience and safety for the vast
15 majority of gaming patrons.

16 III.

17 The Substance or Nature of the Regulation, Amendment or Repeal Requested

18 The proposed amendments generally authorize the use of a prepaid card in gaming
19 activities and also ensure that the criminal protections of NRS Chapter 465 apply, safeguarding
20 their use in gaming activities and assuring the integrity of the gaming industry in Nevada.

21 NRS 463.01469 defines "Debit Instrument" as "a card, code, or other device with which
22 a person may initiate an electronic transfer of money to a game or gaming device." However,
23 this term is not defined in the Commission's Regulations. Technical Standard 1.010(9) provides
24 the following definition: "Debit Instrument' means a card, code or other device with which a

1 person may initiate an electronic funds transfer or a wagering account transfer.” The Petitioner
2 is concurrently with this petition also requesting that the Board Chairman propose an amendment
3 to the TS definition pursuant to the provisions of NGC Regulation 14.050 to be consistent with
4 the Commission’s new definition as described below.

5 **Petitioner proposes** an amendment to NGC Regulation 1 that defines “Debit Instrument”
6 consistent with the statutory definition and defines “Prepaid Access Instrument” as an acceptable
7 form of debit instrument. The amendment adding the definition of “Debit Instrument” defines it
8 as “A card code, or other device with which a person may initiate an electronic funds transfer or
9 a wagering account transfer. This term includes, without limitation, a prepaid access
10 instrument.” Prepaid Access Instrument is then defined as “a card, code, electronic serial
11 number, mobile identification number, personal identification number or similar device that
12 allows patron access to funds that have been paid in advance and can be retrieved or transferred
13 at some point in the future through such a device. A Prepaid Access Instrument must be
14 distributed by a licensed gaming operator or its affiliates and only Prepaid Access Instruments
15 distributed by a licensee or its affiliates may be used to fund a wagering account at that
16 licensee’s location or the location of its affiliates. A Prepaid Access Instrument may not be
17 funded by payroll direct deposits and may only be used in conjunction with an approved
18 wagering account.” By definition, the instrument may only be used in conjunction with an
19 approved wagering account. This provision is consistent with the existing provisions in
20 Regulations 5A, 14 and 22 regarding wagering accounts. The amendment also restricts the
21 distribution of the cards to licensed operators and that provision is also consistent with the
22 wagering account provisions. This provision also recognizes that a patron will be permitted to
23 use the card at affiliate licensees if permitted by the licensee. Finally, as a matter of policy, the
24 regulation would not allow the card to be funded by direct payroll deposits.

1 **Petitioner proposes that the Commission amend NGC 14.260 to read (new is**
2 **underlined):**

3 3. “Except as otherwise provided in subsection 4,” the Chairman shall not grant an
4 approval pursuant to subsection 1 (Applications for approval of associated
5 equipment) or waive such approval requirement pursuant to subsection 2 (upon
6 written request from the manufacturer or distributor of associated equipment, or as
7 the chairman otherwise deems reasonable, may waive the approval requirement for
8 associated equipment) with respect to any associated equipment that, when installed,
9 will allow a patron to use a debit instrument for purposes of making electronic funds
10 transfers from an independent financial institution to a gaming device through a
11 cashless wagering system until such time as the appropriate regulations for such
12 transfers are adopted.

13 **Petitioner proposes that the Commission add to NGC 14.260, subsection 4: The**
14 **Chairman may grant approvals pursuant to subsection 1 or waive such approval requirements**
15 **pursuant to subsection 2 with respect to the use of a Prepaid Access Instrument in conjunction**
16 **with an approved wagering account.**

17 **Petitioner proposes that the Commission amend NGC 14.290 as follows (new is**
18 **underlined):**

- 19
- 20 1. “Except as otherwise provided in subsection 2, or regulation 14.260(4), a licensee shall
21 not install or use associated equipment without prior written approval of the chairman or
22 his designee, unless the chairman has waived the approval requirement pursuant to
23 subsection 2 of regulation 14.260. Applications for approval to install or use associated
24 equipment shall be made and processed in such manner and using such forms as the
25 chairman may prescribe. The chairman shall not approve any use or installation(s) of
26 associated equipment that allow a patron to use a debit instrument for purposes of making
27 electronic funds transfers from an independent financial institution to a gaming device
28 through a cashless wagering system until such time as the appropriate regulations for
29 such transfers are adopted.
 - 30 2. The chairman may grant approvals for the use of or installation of equipment used in
31 conjunction with Prepaid Access Instruments in conjunction with approved wagering
32 accounts.

33 The Proposed Language for the amendments is attached hereto as “**Exhibit 1.**”

34 It should be noted that for purposes of explanation, Sightline has included the
methodology, technology and process it intends to use if the Commission adopts these

1 amendments; however, the amendments have been drafted so that any cash access service
2 provider could use their methodologies, technologies and processes in respect of a Prepaid
3 Access Instrument, provided they can satisfy these Regulations and the Board's technical
4 standards. The regulations are not crafted to provide any advantage to one licensee over another.

5 **IV.**

6 **The Authority of the Commission to Take the Action Requested**

7 The Commission is authorized to take action pursuant to the Nevada Revised Statutes.
8 NRS 463.150(1) provides that, "The Commission shall, from time to time, adopt, amend or
9 repeal such regulations, consistent with the policy, objects and purposes of this chapter as it may
10 deem necessary or desirable in the public interest in carrying out the policy and provisions of this
11 chapter." *See also* NRS 463.145(1). NRS 463.1409(1) provides that, "The provisions of this
12 chapter with respect to state gaming licenses and manufacturer's, seller's and distributor's
13 licenses must be administered by the Board and the Commission, which shall administer them
14 for the protection of the public and in the public interest in accordance with the policy of this
15 state." Further, NRS 463.143 provides that, "The Commission may exercise any proper power
16 and authority necessary to perform the duties assigned to it by the Legislature, and is not limited
17 by any enumeration of powers in this chapter."

18 The Commission is authorized to take action pursuant to the Regulations of Nevada
19 Gaming Commission. NGC § 1.010 provides in part that:

20 The commission will, from time to time, promulgate, amend and repeal such regulations,
21 consistent with the policy, objects and purposes of the Nevada Gaming Control Act, as it
may deem necessary or desirable in carrying out the policy and provisions of that Act.

22 Also, Nevada case law supports the Commission's authority to make the proposed
23 amendments. An administrative body may, within prescribed limits and when authorized by the
24 law-making power, make rules and regulations calculated to carry into effect the expressed

1 legislative intention." *Cashman Photo Concessions & Labs v. Nevada Gaming Comm'n*, 91 Nev.
2 424, 428 (Nev. 1975).

3 V.

4 Conclusion

5 Accordingly, Sightline requests that the Commission commence proceedings to adopt
6 amendments to regulations, NGC Regulation 1, NGC 14.260 and NGC 14.290, in the form set
7 forth in Exhibit 1.

8 DATED and respectfully submitted this 9th day of December, 2013.

9 KAEMPFER CROWELL

10 By: 

11 Lesley B. Miller, Esq.
12 Nevada State Bar Number 7987
13 50 West Liberty Street
14 Suite 900
15 Reno, Nevada 89501
16 Telephone: 775-852-3900
17 Electronic mail: lmill@kcnvlaw.com

18 By: 

19 Dennis Neilander
20 510 West Fourth Street
21 Carson City, Nevada 89703
22 Telephone: 775-884-8300
23 Electronic mail: dneilander@kcnvlaw.com

24 *Attorneys for Petitioner.*

EXHIBIT 1

Proposed Amendments to Authorize the Use of Prepaid Cards

Current Definitions

NRS 463.01469 definition of Debit Instrument. “Debit Instrument means a card, code or other device with which a person may initiate an electronic funds transfer of money to a game or gaming device.” There is no definition of Debit Instrument in the NGC Regulations.

New definitions

Restate and clarify the statutory definition in the new regulation and include a provision that clarifies that Prepaid Instruments are a type of Debit Instrument as follows:

NGC Regulation 1.092 (New Subsection)

Debit Instrument means a card, code or other device with which a person may initiate an electronic funds transfer or a wagering account transfer. The term includes, without limitation, a Prepaid Access Instrument.

Create a new definition that recognizes Prepaid Access Instruments as follows:

NGC Regulation 1.146 (New Subsection)

Prepaid Access Instrument means a card, code, electronic serial number, mobile identification number, personal identification number or similar device that allows patron access to funds that have been paid in advance and can be retrieved or transferred at some point in the future through such a device. A Prepaid Access Instrument must be distributed by a licensed gaming operator or its affiliates and only Prepaid Access Instruments distributed by the licensee or its affiliates may be used to fund a wagering account at that licensee’s location or the location of its affiliates. The Prepaid Access Instrument may only be used in conjunction with an approved wagering account and may not be funded by payroll direct deposit.

Regulation 14 Amendments

Amend Regulation 14.260 as follows:

3. *Except as otherwise provided in subsection 4, the chairman shall not grant an approval pursuant to subsection 1 or waive such approval requirement pursuant to subsection 2 with respect to any associated*

equipment that, when installed, will allow a patron to use a debit instrument for purposes of making electronic funds transfers from an independent financial institution to a gaming device through a cashless wagering system until such time as the appropriate regulations for such transfer are adopted.

4. The chairman may grant approvals pursuant to subsection 1 or waive such approval requirements pursuant to subsection 2 with respect to the use of a prepaid access instrument in conjunction with an approved wagering account.

Amend Regulation 14.290 by creating two subsections as follows:

- 1. Except as otherwise provided in subsection 2, or regulation 14.260(4), A licensee shall not install or use associated equipment without prior written approval of the chairman or his designee, unless the chairman has waived the approval requirement pursuant to subsection 2 of Regulation 14.260. Applications for approval to install or use associated equipment shall be made and processed in such a manner and using such forms as the chairman may prescribe. The chairman shall not approve any use or installation(s) of associated equipment that allow a patron to use a debit instrument for purposes of making electronic funds transfers from an independent financial institution to a gaming device through a cashless wagering system until such time as the appropriate regulations for such transfers are adopted.*
- 2. The chairman may grant approvals for the use of or installation of equipment used in conjunction with prepaid access instruments in conjunction with approved wagering accounts.*

Technical Standard
1.010(9)

The definition of debit instrument is consistent with the new definition but new language should be added to be consistent with the above provisions as follows:
“The term includes, without limitation, a Prepaid Access Instrument.”



January 16, 2014

Chairman Peter C. Bernhard
Nevada Gaming Commission
1919 College Parkway
Carson City, NV 89706

Dear Mr. Chairman:

We are writing to support the petition of Sightline Payments LLC ("Sightline") for its proposed amendments to the Nevada gaming regulations which would allow the use of prepaid cards for funding wagering activity in Nevada at the bar and tavern locations we provide route services for.

We believe that use of such cards would provide a benefit to Nevada gaming patrons. It would provide an enhanced level of safety and security: the protections attached to the prepaid card substantially reduce the risk of loss or theft. The prepaid card is consistent with responsible gaming since it is merely a new way to hold funds and does not provide any direct access to patron bank funds. Such proposed secure methods of managing funds is reflective of consumers moving away from currency-based transactions.

Use of the prepaid card has benefits to Nevada route operators as well. Our heavy reliance on cash in our gaming operations comes at a significant cost and risk as it is collected and transported to our central facility. The prepaid card also represents an interesting new tool for us to use in interacting with our guests, especially when they are not with us.

Nevada has always been the leader in gaming technology innovation. Prepaid debit cards represent another innovative method of delivering value to the gaming patron.

We hope the Commission will support Sightline's petition.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Des Champs".

Steve Des Champs
CFO / GM



Direct Dial: (702) 495-3600
Facsimilé: (702) 692-3612

Marc J. Falcone
Executive Vice President,
Chief Financial Officer and
Treasurer

January 13, 2014

Chairman Peter C. Bernhard
Nevada Gaming Commission
555 E Washington Ave, Ste. 2600
Las Vegas, NV 89101

Dear Chairman Bernhard:

Sightline Payments LLC (“Sightline”) has filed a petition with the Nevada Gaming Commission (the “Commission”) to amend Nevada’s gaming regulations which, if approved, will allow the use of prepaid cards at gaming devices. We urge the Commission to approve the regulatory changes proposed by Sightline.

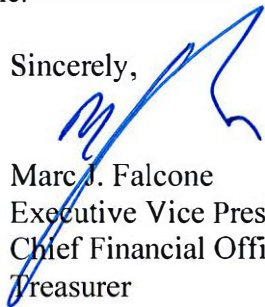
We have already commenced work with Sightline toward the use of its prepaid card in our race and sports and online gaming businesses. Based on our understanding of how prepaid cards function, we believe it would be beneficial for our in-casino patrons to have the opportunity to use prepaid cards in connection with their gaming entertainment as well.

As we understand it, prior attempts to authorize the use of credit or debit cards at gaming devices have failed in Nevada because of, among other reasons, responsible gaming concerns. We believe that a prepaid card is substantially different than a credit or debit card – and does not raise the same responsible gaming concerns - due to the fact that a prepaid card functions just like a wallet. For example, when a gaming patron’s wallet is empty and that patron wishes to continue to gamble, that patron must cease gaming and visit an ATM or cage in order to obtain additional cash. The same is true with prepaid cards. Once there is no longer a cash balance on a prepaid card being used on connection with a patron’s gaming activity, that patron would need to cease gaming and either reload the prepaid card in some fashion or otherwise obtain cash if that patron desires to continue gaming.

Prepaid cards will help us as operators, too. We have significant costs associated with obtaining and handling cash. We believe that it is time that Nevada gaming companies get the benefits of electronic commerce that have been available to other industries for several years.

If you have any questions concerning our support of the regulatory changes proposed by Sightline, please do not hesitate to contact me.

Sincerely,

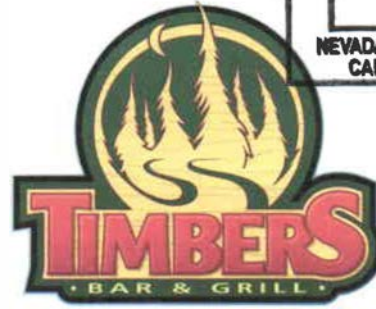


Marc J. Falcone
Executive Vice President,
Chief Financial Officer and
Treasurer

RECEIVED/FILED

JAN 21 2014

NEVADA GAMING COMMISSION
CARSON CITY, NEVADA



January 12, 2014

Chairman Peter C. Bernhard
Nevada Gaming Commission
1919 College Parkway
Carson City, NV 89706

Dear Mr. Chairman,

Timbers has been exchanging ideas with management of Sightline Payments for some time now in regards to their interest in introducing a pre-paid gaming card to the industry. I am writing this now to support their petition for amendments to the Nevada regulations which would allow the use of these pre-paid cards for funding wagering activity in Nevada taverns and casinos.

As a long time gaming operator in Nevada, we believe that this technology would provide a substantial benefit to both gaming patrons and gaming operators while continuing to emphasize the importance of responsible gaming.

We feel this technology could affect the industry in as much of a positive manner as when bill validators were installed on gaming devices or when TITO was introduced. It is clear that the world is moving in the direction of 'cashless' operations which benefits everyone not to mention adds a great level of safety security for all parties.

Allowing a gaming patron to conduct their gaming purchases in the same way they conduct the majority of their non-gaming purchases is very important. Being able to 'plan' these expenditures and control their spending through a single, safe and secure method would give the majority peace of mind not to mention the sense of security and safety of not having to be handling large amounts of cash.

The large amounts of cash required to be kept on hand in a tavern is one of the most critical issues today. Providing a safe environment for our employees is crucial. Every day you pick up the newspaper and read about robberies and shootings. I believe those were because of opportunity. If I could eliminate the opportunity, it would be huge in taking us in the right direction.

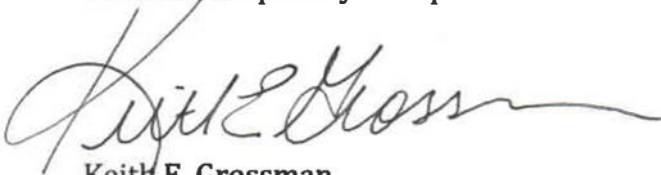
Certainly along with satisfying the security and safety issues comes many other benefits to the gaming operator. We believe the pre-paid card represents a powerful new tool for us to use in interacting with our guests, especially at times when they are not with us.

While we believe this next step is an important one we also believe this type of forward thinking by companies like Sightline will continue and more and more significant contributions will be seen in the future.

We are asking for your support in acting favorably on the petition that Sightline has proposed.

Sincerely,

Timbers Hospitality Group

A handwritten signature in black ink, appearing to read "Keith E. Grossman", with a long horizontal flourish extending to the right.

Keith E. Grossman

President

KEG/mc



ITC Financial Licenses, Inc.

1200 Brookstone Centre Parkway, Suite 220 • Columbus, Georgia 31904 • Fax 866-295-0646

February 18, 2014

Chairman Peter C. Bernhard
Nevada Gaming Commission
1919 College Parkway
Carson City, NV 89706

Re: Comment to 2014-01RP: Petition – Regulations 1 and 14 (Prepaid Access Instrument)

Dear Chairman Bernhard:

I write on behalf of Interactive Communications International, Inc., through its subsidiary ITC Financial Licenses, Inc. (collectively, “InComm”), to follow up on our comment letter submitted February 3, 2014, in connection with the above-referenced Petition.

InComm attended the February 6, 2014, public meeting of the Nevada Gaming Control Board (the “Board”) addressing the Petition, and we appreciate the attention that the Board gave at that meeting to our concerns. We were pleased to hear that neither the Petitioner nor the Board intended the proposed regulatory changes in any way to limit the types of funding instruments that are currently permitted for race and sports wagering pursuant to Regulation 22 and for interactive gaming pursuant to Regulation 5a.

We have seen the most recent draft of the proposed regulations (posted to the Board’s website on February 12, 2014). We note that the requirement that the prepaid access instrument be distributed by a licensee has been removed. As this was a change we sought, we appreciate and support that change.

We have requested that one further clarification be made, to the last sentence of proposed section 1.146, to state that prepaid access instruments need not be restricted to gaming uses in order to meet the regulatory requirements for use with gaming. We believe this is consistent with the Board’s direction at the February 6 meeting, and Petitioner has agreed to that change.

As revised, the sentence would read (changes underlined):

“A prepaid access instrument need not be restricted to gaming uses, but, when used for gaming, may only be used in conjunction with an approved cashless wagering system, race book or sports pool wagering account, or interactive gaming account.”

With those changes, InComm would be pleased to support the Petition in its entirety and would not request any further changes.

Again, we appreciate the Board's thorough consideration of our comments.

Respectfully submitted,

A handwritten signature in black ink that reads "Nicole Ibbotson". The signature is written in a cursive, flowing style.

Nicole Ibbotson
General Counsel, ITC Financial Licenses, Inc.

cc: Behnam Dayanim, Esq., Paul Hastings LLP



5552 S. Fort Apache Rd., #100
Las Vegas, NV 89148
Phone: (702) 369-9740
Facsimile: (702) 369-9765
www.nevadacouncil.org

OFFICERS

Jennifer Shatley
President

Anthony Cabot
Vice President

Keith Copher
Treasurer

Allen Flagg Jr.
Secretary

DIRECTORS

Bo Bernhard, Ph.D.
Carl Braunlich
Thomas Jingoli
Connie Jones
Laurie Moore
Denise Quirk
Michael Traficanti

ADVISORY BOARD

Jeremy A. Aguero
Dennis L. Amerine
Bill Bingham
Brendan Bybee
Teri Dodd
Alan Feldman
Robert E. Hunter, Ph.D.
Michele Johnson
Dennis K. Neilander
Robert Woodson

Feb. 18, 2014

EXECUTIVE DIRECTOR

Carol O'Hare

Mr. Peter Bernhard, Chairman
Nevada Gaming Commission
1919 College Parkway
Carson City, NV 89706

RE: Proposed Amendments to Regulation 1 and 14 (Prepaid Access Instrument)

Dear Chairman Bernhard,

Unfortunately, due to an unavoidable schedule conflict, I am unable to attend the Feb. 20th meeting of the Nevada Gaming Commission. In lieu of appearing personally before you, I offer these written comments to express concerns regarding the latest draft of proposed amendments to Regulation 1 and 14, dated Feb. 12, 2014.

Having attended the Jan. 23rd public workshop and the Feb. 6th Gaming Control Board meeting, I was pleased by the conservative tone that was set by Chairman Burnett, in stating that he liked the fact that "we are taking baby steps" in opening the door for the use of prepaid debit instruments for casino gaming. This baby steps approach is supported by two significant 'control points' that were built into the original proposed amendments: (a) limiting distribution of the prepaid instruments to a gaming company and its affiliates, and (b) requiring the prepaid instrument to be tied to a wagering account. These two regulatory restrictions, combined with the responsible gaming components of the proposed new Technical Standard 7, gave us some confidence that these regulatory changes would indeed amount to baby steps in relation to the use of prepaid debit instruments.

In reviewing the most recent draft of the proposed amendments, however, it is a bit disconcerting to see that "wagering account" has now been replaced with the broader term of "cashless wagering system", and the requirement for distribution by a licensed gaming company has been completely stricken. While the first change may only be a technicality of terminology, the second change seems to weaken the regulatory oversight of these new prepaid access systems. Our concern is that less direct oversight may lead to less effective compliance with the important responsible gaming requirements as stated in the proposed new technical standard.

Although the Council does not take a position for or against legal gambling, we do advocate for effective public policy to prevent or reduce the impact of problem gambling. Should the Gaming Commission move forward to amend current regulations regarding the use of prepaid debit instruments in casino gaming, we strongly encourage you to adhere to the more conservative baby step approach by restoring these two 'control points' as intended in the proposal originally submitted by Sightline Payments.

Respectfully,

Carol O'Hare, Executive Director

cc: Dennis Neilander
Harry Hagerty